



U.S. Department of Energy
Energy Efficiency and Renewable Energy

freedomCAR & vehicle technologies program

National Conference of State Fleet Administrators

*Branson, MO
September 21-25, 2004*

State & Alternative Fuel Provider Rule: Regulatory Update

Linda Bluestein
U.S. Department of Energy



Outline of Discussion

- Program Objectives
- Statistical Overview of S&FP Program
- State Outreach Efforts
- Available Resources
- State Successes
- Proposed Legislative Changes



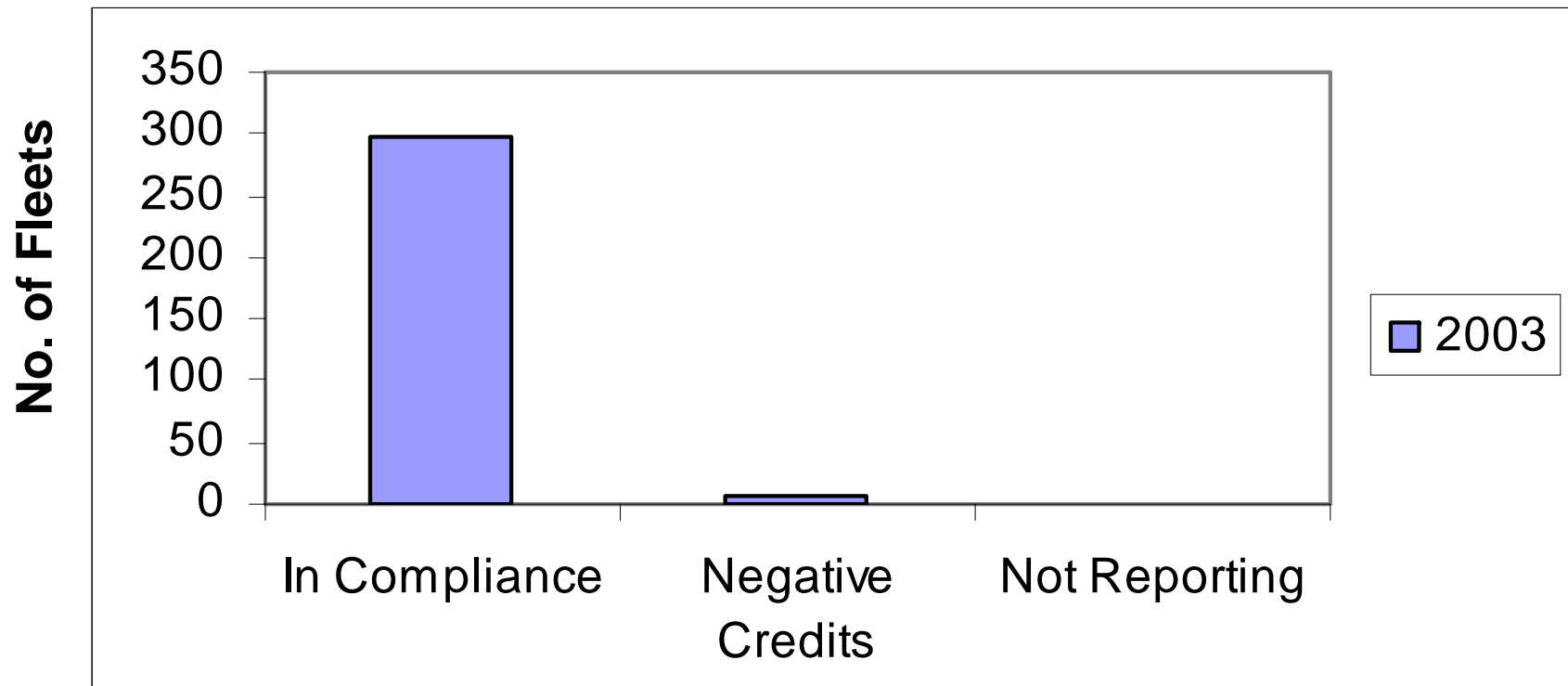
Program Objectives

- Ensure all required fleets are reporting and complying with AFV acquisition requirements
- Ensure data reported is complete and accurate
- Assist fleets in maximizing AF use



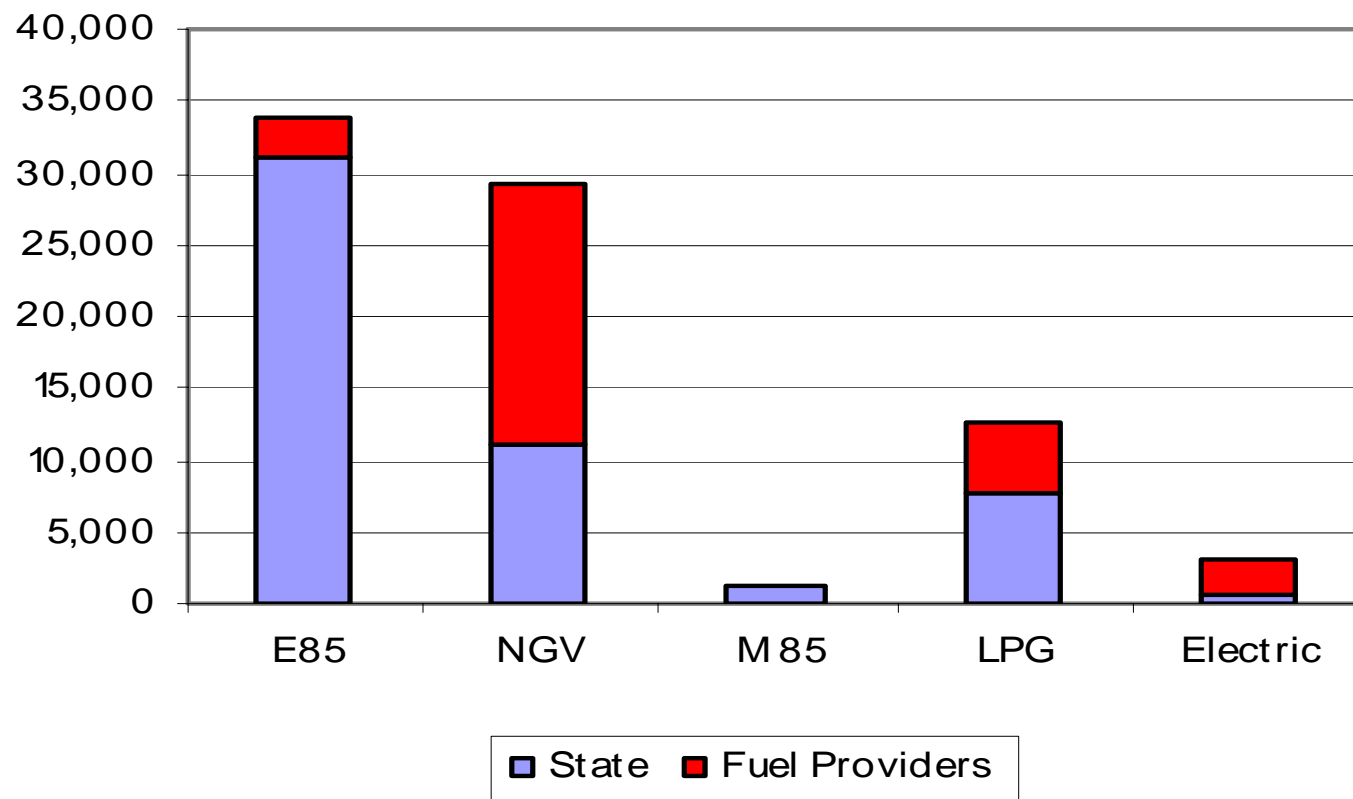
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S&FP Fleet Compliance – Model Year 2003





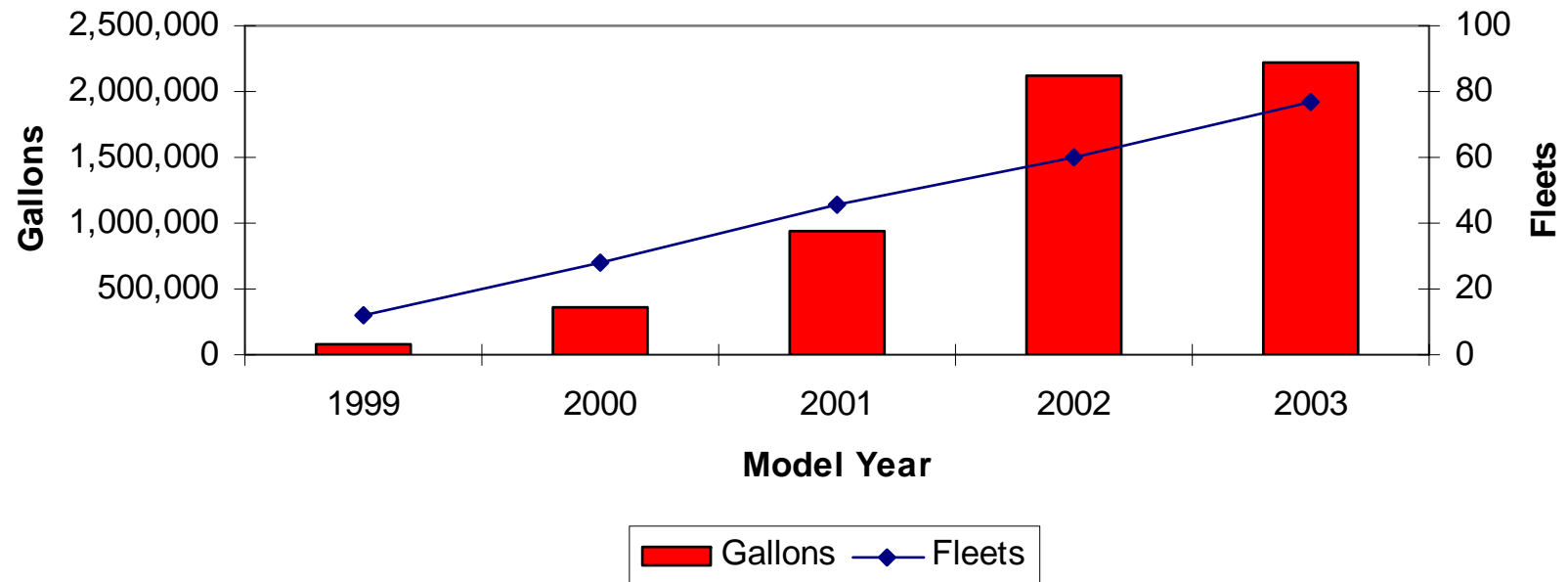
AFV Acquisitions



Since Program inception, the states have acquired ~65% of the AFVs. Of those state vehicles, the primary choice has been E-85 FFVs.



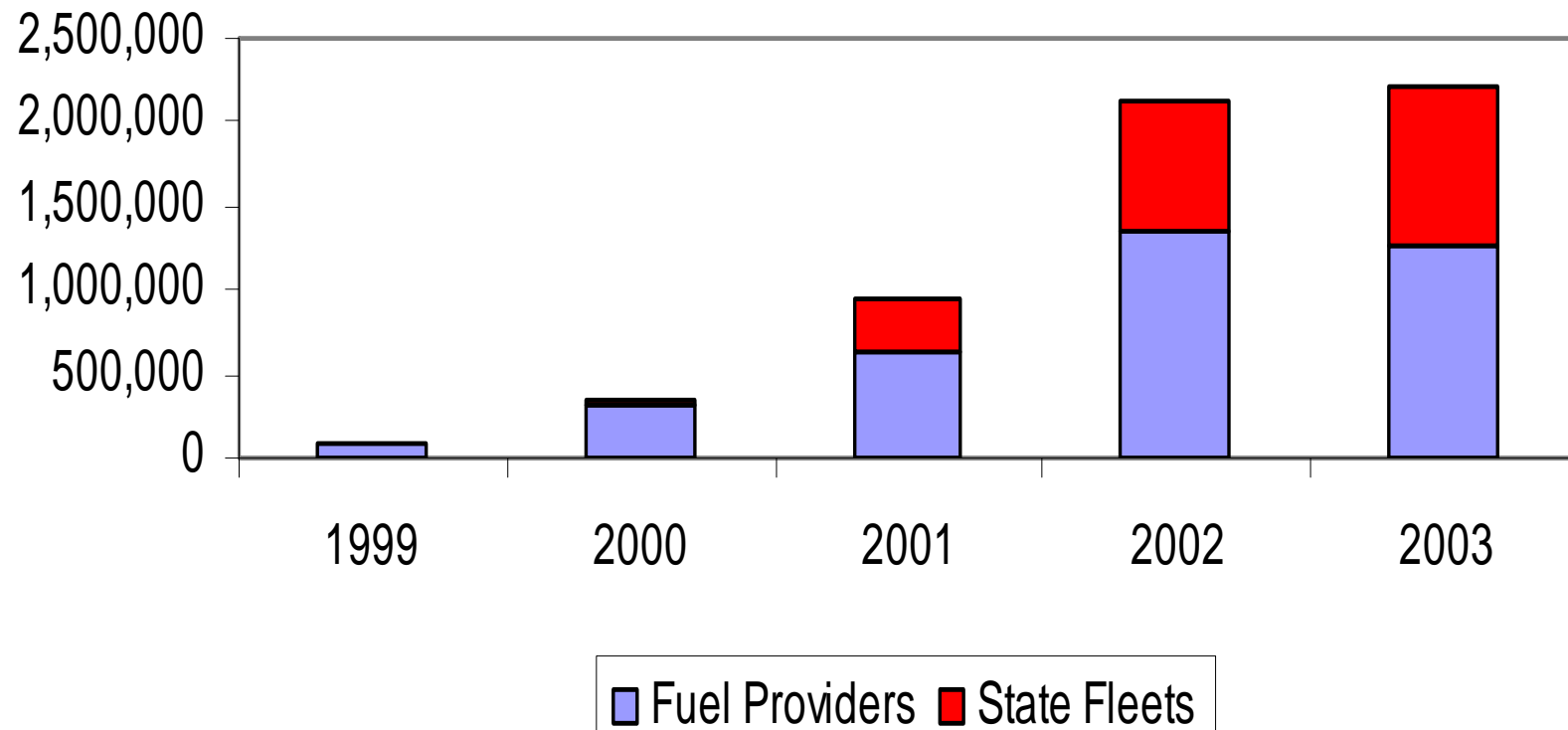
Biodiesel Use



	Gallons	Fleets
1999	83,653	12
2000	358,247	28
2001	939,552	46
2002	2,113,788	60
2003	2,214,806	77

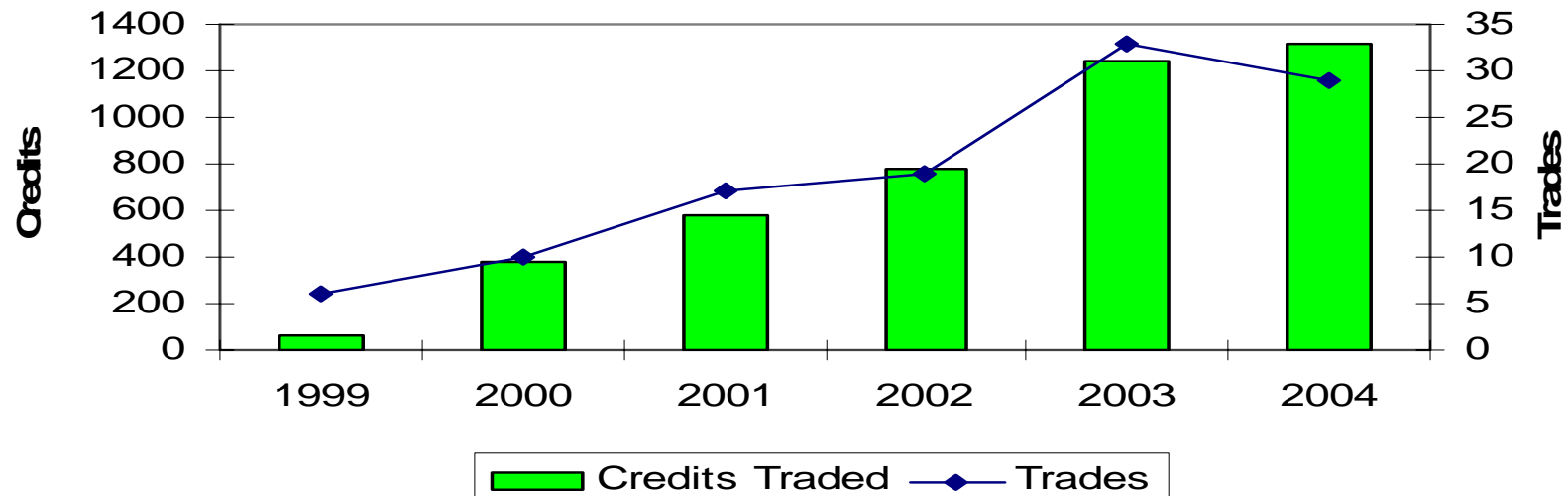


Biodiesel Fuel Use by Fleet Type





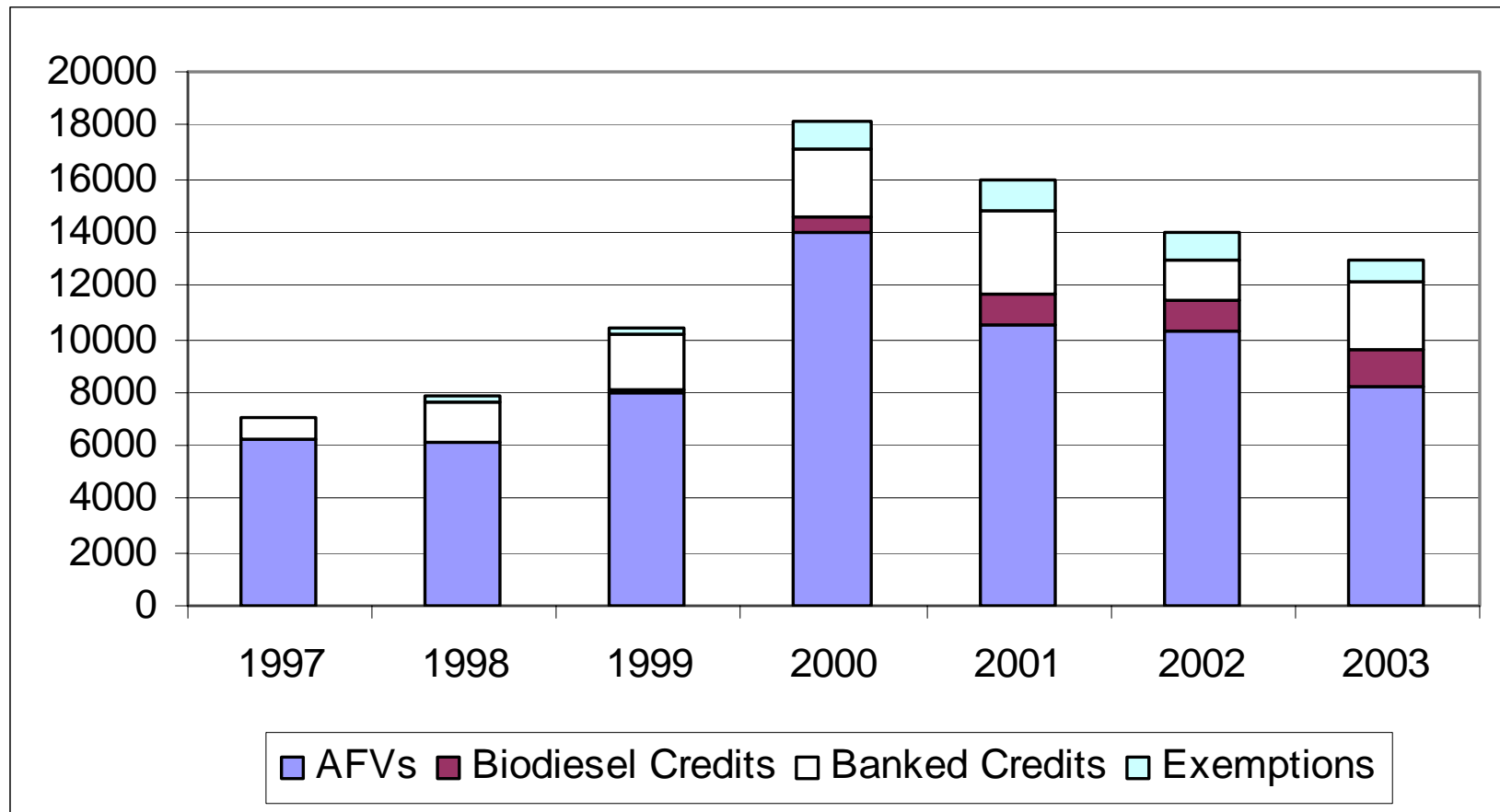
Credit Trading Activity



	Trades	Credits Traded
1999	6	64
2000	10	376
2001	17	583
2002	19	779
2003	33	1237
2004 (to date)	29	1312



Compliance Methods





State Trends

- Increased biodiesel purchase for use
 - states now represent >40% of biodiesel in program, vs. ~8% in 2000
- Preference for E85 vehicles
- States acquiring fewer covered vehicles, and thus fewer AFVs
- Some states moving toward leadership positions, particularly with respect to AF use



State Outreach Efforts

- Educate state agencies/entities on requirements, including coverage
- Identify additional covered fleets
- Assist new fleets in developing compliance strategies
- Already evaluated a dozen or so states, and added 1-2 fleets per state (on average)
- Continuing efforts, with additional focus on state universities/colleges
- Requesting E-85 fuel use data from states to assist in maximizing AF utilization



Recent Data Verification Efforts

- Zero LDV letters
 - Sent to fleets reporting Zero covered LDV acquisitions
- E-85 fuel use data request to Fuel Providers
- Biodiesel reporting
 - B20 vs. B100



Available Resources

- Self-Audit document (draft)
- Florida reporting survey
- Infrastructure toolkit (under development)
- Programmatic website
 - Bluebook/FAQs
 - Regulations
 - Guidance documents
 - Success stories
- Regulatory information line (e-mail and phone)



S&FP EPA Act Successes

- Covered fleets' installation of fueling outlets
- Substantial reduction in vehicles exempted
- ~10,000 new AFVs acquired per year
- Growth in biodiesel fuel use (to over 2,000,000 gallons per year)
- Compliance levels in S&FP Program at virtually 100%



State Models for Success

- **New York** – Governor's Executive Order on AF use in state AFVs; state has installed over 70 CNG stations
- **Missouri** revolving fund for biodiesel purchases – sale of AFV credits funds
- **TXDOT** – has over 7000 AFV credits
- **North Carolina** – installed 3 E-85 refueling stations
- **DC DPW** – E-85 refueling priority (tied to car-specific card)



Proposed EPAct Changes

- Inclusion of NEVs
- Inclusion of hybrid vehicles
- Multiple credits for MD/HD AFVs
- Opt-out program – credits for petroleum reductions
- Infrastructure investment credits

NOTE: None have become law at this time, so fleets should NOT modify their actions in response to any of these proposals



Status of Key Energy Legislation

- S. 1637 “Jumpstart Our Business Strength (JOBS) Act” – 5/11/04 *passed in Senate*; includes major energy tax incentives, including for AFVs, HEVs, FCVs, etc. but *no policy changes*.
- H.R. 4520 “American Job Creation Act” – 06/17/04 *passed in House*; includes small number of energy incentives; *no policy changes*.
- S. 2095 “Energy Policy Act of 2003” – *introduced in Senate* 02/12/2004; comprehensive energy legislation, includes EPAct *policy changes*.
- H.R. 4503 “Energy Policy Act 2004” – *passed in House* 06/15/04; comprehensive energy legislation, includes EPAct *policy changes*.



Status of Key Energy Legislation

- What happens next???
- The two Jobs Bills will likely go to conference this fall with a bill passing; uncertainty is level of support for energy incentives
- The energy policy bills appear stalled; the Senate has not been able to pass its comprehensive bill and there cannot be a conference with the House until it does – thus the EPA Act policy changes are stalled at this time



Neighborhood Electric Vehicles

- Amends EPA Act to:
 - Allow NEVs to count as AFVs
- NEVs would have to:
 - Meet federal safety requirements for low-speed vehicles
 - Have zero emissions
 - Have a maximum speed of no more than 25 miles per hour



Medium & Heavy Duty Vehicle Credits

- Amends EPCRA's credit provision to allow:
 - 2 credits for medium duty AFVs
 - 3 credits for heavy duty AFVs
- Vehicles must be dedicated AFVs
- MDV – (8,501 – 14,000 lbs. gvwr.)
- HDV – (14,001 lbs. gvwr. & up)
- No longer have to satisfy LDV AF requirements before earning credits
- Probably would not affect current credit system for bi-fuel or dual-fuel medium and heavy duty vehicles; limited to 1 credit



Opt-Out Program

- Focuses on petroleum reductions vs. AFV acquisitions
- DOE likely will have conduct rulemaking to propose regulations for this provision
- Fleets would have to submit waiver request and a petroleum reduction plan
- DOE would have discretion to approve plans



Hybrid Electric Vehicle Credits

- Provides partial credits for HEVs
- Depending on the level of available battery power, vehicles could earn between:
 - .25 – 1.00 credits per HEV
- This provision also would likely require a rulemaking to define how credits are determined



Infrastructure Investment Credits

- Fleets would earn credits based on investments in:
 - Alternative fuel fueling stations
 - Maintenance and repair facilities or equipment, and
 - Other activities that facilitate the widespread adoption of AFVs
- Credits would be awarded for each qualifying expenditure of:
 - \$25,000 in cash or kind
- Would require rulemaking to determine the types of activities that qualify for credits and documentation necessary to substantiate investments



Lease Condensates

- Defines lease condensates as an alternative fuel if used in fuel mixtures containing at least 50% or more of lease condensates or fuels extracted from lease condensates
- Would provide EPCRA credits to fleets that use lease condensates, if:
 - DOE determines lease condensates do not adversely affect health, safety or the environment.
- Credits would require:
 - 1,125 gallons of lease condensate per credit
 - Fuel must be used in medium and heavy duty vehicles
 - Credits subject to same restrictions and requirements impose on biodiesel credits



Excluded Vehicles

- Would modify the definition of excluded vehicles to include certain electric utility vehicles
- Excluded vehicles would now include vehicles used to:
 - Repair transmission lines, and
 - Restore electricity following power outages



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Information Resources

EPAct Fleet Information and Regulations website:

<http://www.eere.energy.gov/vehiclesandfuels/epact/>

Linda Bluestein: linda.bluestein@ee.doe.gov

Regulatory Information Line:

regulatory_info@afdc.nrel.gov or (202) 586-9171

Literature (See EPAct website)



- AFV Reporting Guidance
- Final Regulations
- Compliance Guidelines for S&FP Fleets (Bluebook)
- Frequently Asked Questions
- Exemptions, biodiesel, and credit trading guidance
- DOE AFV Buyers Guide: <http://www.ccities.doe.gov/vbg/fleets>

